

## **DETROIT WORKS/DETROIT FUTURE CITIES**

Planning a city has a great impact on its economic condition. In Detroit we had Detroit Works and Detroit Future Cities. Detroit Works was funded by the same man who now owns a part of the Riverfront. I think planning should come from the citizens who live here, not investors. Money spent on a plan that does not include Detroiters cannot result in success, unless of course, you removed the Detroiters from the picture. In my opinion this seems to be the overall plan of both of these sadly malicious plans.

“Blight Removal” of clearing whole sections of homes instead of taking down homes that are unrehabbable in areas where many people still live is foolish and will further propel Detroit downwards. Why would a city not protect its housing stock? Making islands of new housing is against common sense and is not helpful to the majority of Detroiters who have lived here a long time. In my opinion, this hijacking of public money by investors must stop.

## **DETROIT'S FINANCES AND LACK OF TRANSPARENCY**

What brought us to this point is also that Detroit's finances are not clear. Going down to the Coleman A. Young Municipal Center for something to do with taxes makes me worried each time. I never trust the city to reference that I have paid my house taxes – I tell the mortgage company myself after one incident showing it was incorrectly past due.

We need a real independent audit (NOT the city, the State, or contractors connected to them), with macro and micro forensic auditing where it is needed along with money for prosecution of all guilty parties.

First, the city is understaffed as a whole so all financial processes are surely slower and less efficient than they could be. As well, sufficient attention has not been paid to the processes the city has for receiving money or paying money out. Financial information needs to be timely, ethical, and open online to the public in an easy to understand format.

We need an open source software suite for: collecting taxes; putting city finances, authority finances, pension funds and school system finances online for the public; which reflects up the minute income and expenditures and connected to campaign contributions. If this would have been done years ago, Detroit would have saved millions of dollars each year. I am fairly certain the open source community would be willing to help Detroit with this. We need it to be customized to Detroit's needs with training and ongoing security. It should have the capability to show our finances in an easy to understand format. Ann Arbor has a good example of online finances but it would be better for us if it had one more level of depth. For example, under vendor payments, it breaks it down into "expense type". There needs to be a real description of how that money was spent. We could also add names of people who are in charge of the companies the city does business with. It would be better if a user could click the names and it would search the campaign contributions for local elected officials. I think just having that system would cut down on a lot of unethical and illegal activity. The most important ingredient in transparency is the details.

We need to input all data into the systems. Who we really owe, how much and who owes us and how much needs to become crystal clear. Money owed to us needs to be collected, bills we owe need to be paid. We don't really

know who owes us and who we owe.<sup>42</sup> Have corporations and high-paid sports figures paid their taxes? Only following the bank statements can tell the real tale. I am unclear how the bankruptcy had gotten this far without this kind of housekeeping first.

The law department should pursue cases about predatory mortgage lending, the mass neglect of property owned by banks, any illegal swaps and any other financial wrongdoings to Detroit and its citizens. The outrageous fees on bonds and other financial instruments need to be transparent. The alleged LIBOR rigging should be sued for, as the FDIC is suing the banks.<sup>43</sup> I am unclear why the justice department is giving them the opportunity for no criminal prosecutions. If convicted, look at how much money may have been taken from Detroit! If someone steals a car here, they are going to jail. So if indeed they are responsible for billions of dollars, they will be free of criminal convictions if they meet some conditions?

- An article in the LA Times explains all about the alleged interest rate rigging that may have gotten Detroit into a lot of financial trouble and how the FDIC is suing them.<sup>44</sup> Will Detroit sue? Will we get anything from the judgments if they are found guilty like they were in Europe? If we do get the money, will any of it actually get to the people of Detroit or will it go to people who hijack the money so it won't reach the community like they have for decades?
- This article, “Only Wall Street Wins” explains it in simple terms and how Detroit owed a 474 million dollar fee on bonds.<sup>45</sup> How many taxpayers actually understand bonds when they vote for them? There needs to be better disclosure about the actual long term cost of the bonds and the fees involved. For even more information see “Interest

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<sup>42</sup> <http://www.freep.com/article/20121223/NEWS01/312230224/City-of-Detroit-says-big-firms-may-owe-taxes-but-also-says-it-s-likely-wrong>.

<sup>43</sup> <http://www.aljazeera.com/news/americas/2014/03/us-sues-16-banks-rigging-libor-rate-201431544528243637.html>

<sup>44</sup> <http://www.latimes.com/business/la-fiw-fdic-sues-banks-over-libor-20140314,0,6595071.story#axzz2wQKtvLiE>

<sup>45</sup> <http://www.bloomberg.com/news/2013-03-14/only-wall-street-wins-in-detroit-crisis-reaping-474-million-fee.html>

Rate Swap Leaving Detroit Holding the Bag, EM Law for Banks to be Paid in Full.”<sup>46</sup>

- This footnote goes to explain the \$1.5 billion pension deal with Universal Bank of Switzerland (UBS).<sup>47</sup>
- An article from MFI-Miami explains how alleged LIBOR rigging affected Detroit.<sup>48</sup> Ethics and honesty are the things that protect future generations from unnecessary debt burden. This shows how adults have not been doing their jobs, neither in Detroit nor in the world. An interesting article asks “Why the EM isn’t looking into the money lost from the Libor rigging.”<sup>49</sup>
- The article “Everything Is Rigged: The Biggest Price-Fixing Scandal Ever” is a very accessible article about interest rate swaps and the current financial market challenges.<sup>50</sup>
- According to an article from Bloomberg Businessweek in 2009, Detroit pays 4.2 million a month (all of our casino money) to pay Universal Bank of Switzerland for a debt that in my opinion is questionable at best.<sup>51</sup>

The department of administrative hearings (and all personnel in the departments that report the blight) should aggressively pursue blight violations. A 311 app and a working 311 phone line would allow citizens to assist in identifying blight. The city should start billing for mowing lawns and boarding up homes that belong to absentee property owners and banks.

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<sup>46</sup> [www.electablog.com/2013/03/there-are-winners-in-detroits-financial-crisis-the-banks-and-they-are-shielded-from-any-risk-by-the-new-emergency-manager-law.html](http://www.electablog.com/2013/03/there-are-winners-in-detroits-financial-crisis-the-banks-and-they-are-shielded-from-any-risk-by-the-new-emergency-manager-law.html)

<sup>47</sup> <http://voiceofdetroit.net/2012/07/23/detroit-cut-2-billion-pension-bond-deal-with-ubs-one-of-banks-sued-by-baltimore-others-in-libor-scandal/>

<sup>48</sup> <http://mfi-miami.com/2013/03/libor-rigging-complex-derivitives-by-ubs-contributed-to-detroits-demise/>

<sup>49</sup> <http://mfi-miami.com/2013/05/why-isnt-the-detroit-efm-talking-about-reclaiming-the-5b-caused-by-ubs-libor-manipulation/>

<sup>50</sup> <http://www.rollingstone.com/politics/news/everything-is-rigged-the-biggest-financial-scandal-yet-20130425>

<sup>51</sup> <http://www.businessweek.com/stories/2009-11-17/wall-street-plays-hardball>

## STATE REVENUE SHARING

\$732 million dollars was diverted from Detroit's revenue sharing according to the Michigan Municipal League.<sup>52</sup>

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<sup>52</sup> [http://www.mml.org/newsroom/press\\_releases/2014-3-18-statewide-revenue-sharing.html](http://www.mml.org/newsroom/press_releases/2014-3-18-statewide-revenue-sharing.html)

**DOWNTOWN DEVELOPMENT AUTHORITY, DETROIT  
ECONOMIC GROWTH CORPORATION**

Entities like these “capturing” tax money for small areas with little or no responsibility to voters is unethical. I suggest a thorough investigation of how these entities are being run, forensic audits and a dismantling of them, dispersing the money to the neighborhoods. If the rest of the city was thriving, downtown would naturally thrive merely because of its central location. Businesses would choose to be there without tax abatements and other misuses of our tax money. In my opinion, that the hockey stadium deal went through during bankruptcy with school funding is a red flag and indicative of how these entities are run.

## HUD FUNDS

In my opinion a huge problem with sustaining a healthy Detroit community and economy has been the misuse of the HUD funds. It seems to be diverted and captured before reaching Detroiters in neighborhoods. Anyone looking at the lists of Neighborhood Opportunity Fund money<sup>53</sup> would have to wonder, why would so many starved community groups not spend their money in a timely manner? Why would there be so much left over?

I can tell you that as the director of a nonprofit for children who passes by our looted community center often, it is not the fault of most of the community groups in the city. I spent almost 10 years of my life at the local community center - a billion community dinners cooked by children and teens, homework done, access to technology in a little computer lab, lots of celebrations and learning opportunities. How angry am I about this, even all these years later, that I have volunteered and sacrificed for all these years and found out that money that was supposed to give our kids jobs to opt out of the drug trade, that was supposed to pay for healthy dinners and art supplies and field trips may have gone to a group of people who have no good intentions for Detroiters? Angrier than you can ever imagine. For every time a child asked me what happened to the center the kids and I get upset. For the times near the end of the center that children still went there when there was no longer heat, the kids and I get upset. For all the opportunities children missed out on, the kids and I get upset. For the children's lost sense of community, I hate. For when just one teen volunteer would help at the center when we had no money to pay anyone, I hate them. There is no punishment harsh enough for adults who take from children, especially children with few resources.

When our group got NOF money, we could never spend it in time. The city would reimburse so slowly that we could never spend the whole amount. It was like a sick joke: here is \$45,000 for the kids in your neighborhood, but really you can only spend \$10,000 if you have a few thousand to start the reimbursement with. Reimbursements would come every six months. Toward the end, they didn't come at all. The community center crashed in a heap around 2008. The bank who had loaned the center money because the city wasn't paying in time went after the center for the money owed BY THE CITY. In Detroit, no good deed goes unpunished.

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<http://www.detroitmi.gov/Departments/PlanningDevelopmentDepartment/tabid/134/Default.aspx>

No one could tell me where our last NOF money went. We had just assumed it went down with Kwame in that mess, but I saw it on a list for the HUD consolidated plan. What happened with the money from the HUD consolidated plan? Our money was not “unspent”, it was missing. This taught me that the sense of failure I had put on myself and other Detroiters did not belong to us at all.

What is this section 108 of the CDBG being used for? Is it only being used for downtown? I suggest a thorough investigation of the use of that money. Every single HUD program<sup>54</sup> needs to be investigated to see if the money is going to Detroiters or investors.

In my opinion using the poverty level of Detroit and the funding we get for being poor to finance projects that do not ultimately benefit Detroiters outside of downtown is unconscionable and the question of its legality should be raised. This has helped propel us toward this state of finances and will continue if this is done in the future.

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[www.detroitmi.gov/Departments/PlanningDevelopmentDepartment/tbid/134/Default.aspx](http://www.detroitmi.gov/Departments/PlanningDevelopmentDepartment/tbid/134/Default.aspx)

## LARGE FOUNDATIONS

The large foundations in this area have unreasonable expectations of community based non-profits. Most have a requirement to apply for grants of a \$100,000 cash (not including in-kind) budget, an audited financial statement (base price of \$3,000 with no one funding those so you can apply and if you raise the money on your own, there is no guarantee you will get the grant) and some have the requirement that the organization must be in a certain area of the city, which often coincides with what is in my opinion, the wayward urban planning of the Detroit Future Cities Plan.

Indeed, these foundations' contributions towards killing small non-profits and decreasing the quality of life for residents should not be underestimated. There is no stepping stone between mini-grants (\$500-\$5,000) and these large foundations. After years of trying to figure out how to make the leap and seeing other organizations struggle, in my opinion, it is because they don't want grass roots non profits to make the leap. Instead of giving the community what it is asking for, these foundations have their own agendas. If these foundations would change how they act toward small non-profits, Detroit would indeed be a much more vibrant city. The best model any foundation had come up with was one piece of the Youth Sports and Recreation Commission's TAP Program which gave a non-profit checklists to complete, the resources to do the things on the checklist to help the non-profit grow, and a knowledgeable program officer who had worked at a nonprofit for years. For example, if your group needed first-aid lessons for employees or volunteers, they would fund it. If you needed an audit, they would fund it. They provided classes in administration and programming if your group needed it. It was brilliant and could have blossomed Detroit into a thriving non-profit center.

Additionally non-profits have a lot of overlapping professional needs which could be met by foundations banding together to fund basic services like bookkeeping, auditing, transportation and a hiring-hall type of center for part time employees who work with youth, seniors, and the disabled to go out to different agencies to make their work full time and community work an occupation to make a real living off of. This would decrease the overall expenses of all non-profits.

The non-profit world just ten years ago was a much more bustling, problem-solving, mission oriented group than it is now. Now it just saddens me for the many lost opportunities for foundations to make this area a better place for ALL of us.

## BANKRUPTCY IN A MUNICIPAL CONTEXT

I object to bankruptcy being used on municipalities in general. As you can see by how terribly wayward this whole process is, it is not to the benefit of the American people to allow the use of bankruptcy for cities.

In conclusion, what brought Detroit to this point in time had very little to do with the vast majority of Detroiters. It is an abuse of the justice system, a waste of the nation's tax money and our precious time on this earth. This entire bankruptcy has worried and angered people in Detroit and across the country. The people it is directly affecting is affecting their health at a time when their healthcare is being cut.

On several occasions I have noted to our elected officials that we should just have had forensic audits and clean elections and we would be just fine. This is to no avail.

There is certainly at least a billion dollars that could be recovered noted in my objection, which is Detroit's budget for a year. The things I do not know the exact amount, like corporate unpaid taxes, could greatly increase that number.

This disclosure is an opportunity for the court to expose all the ways in which Detroit has been looted. We really could have brighter days ahead for all of southeastern Michigan if the truth were exposed.

Attached in Exhibit B is a spreadsheet for the court to fill in once the forensic audits have been done. Of course I don't know all of the items that should be on the list, but I believe the disclosure statement was missing many of the things I have on the list. I suggest the court share a filled-in version with the public. We have lived in the darkness about our tax money for long enough. The sunshine needs to reach Detroit in every way possible for us to truly move forward.

Item	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Uncollected corporate taxes														
Taxes not collected from individuals who work in the city and live in suburbs														
ALL Swaps payments for the City of Detroit														
ALL Swaps payments for the Water Department														
Tax Chargebacks on Houses														
State Revenue Sharing														
the price of the theft of Detroiters' voting rights from both EM and fraudulent elections (what is the dollar amount for something like this?)														
money owed to Detroiters for keeping up bank owned property in their neighborhoods														
money lost from taxes on foreclosed homes, particularly from banks														
money diverted from direct benefit of Detroiters to a select few (M-1 Rail, new hockey stadium etc.)														
money lost from looting of housing stock - damages sought from scrap yards engaged in illegal activity etc.														
all HUD money diverted from community groups toward other projects														
uncollected blight violations, in particular for those who own large buildings and many houses/apt buildings														
Belle Isle events														
Difference between cost of restructuring as is and if it were not bidded out properly, then if it was														
Incentives for living downtown and midtown														
DEGC and DDA \$														